

SENATE, No. 1928

STATE OF NEW JERSEY

217th LEGISLATURE

INTRODUCED MARCH 10, 2016

Sponsored by:

Senator GERALD CARDINALE

District 39 (Bergen and Passaic)

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

Co-Sponsored by:

Senator Bateman

SYNOPSIS

Increases maximum gross income tax deduction for homestead property taxes paid to \$25,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 4/19/2016)

1 AN ACT increasing the amount of the maximum gross income tax
2 deduction allowed for homestead property taxes paid, amending
3 P.L.1996, c.60.

4
5 WHEREAS, In recognition of the reality that property taxes and
6 rents have become an ever-increasing burden on New Jersey
7 families; now, therefore,

8
9 BE IT ENACTED *by the Senate and General Assembly of the State*
10 *of New Jersey:*

11
12 1. Section 3 of P.L.1996, c.60 (C.54A:3A-17) is amended to
13 read as follows:

14 3. a. A resident taxpayer under the "New Jersey Gross Income
15 Tax Act," N.J.S.54A:1-1 et seq., shall be allowed a deduction from
16 gross income for property taxes not in excess of **[\$10,000]**
17 \$25,000, subject to the limitations of subsection f. of this section,
18 due and paid for the calendar year in which the taxes are due and
19 payable on the taxpayer's homestead.

20 b. A deduction for property taxes shall be allowed pursuant to
21 this section in relation to the amount of the property taxes actually
22 paid by or allocable to a resident taxpayer who has more than one
23 homestead, but the aggregate amount of the property taxes claimed
24 shall not exceed the total of the proportionate amounts of property
25 taxes assessed and levied against or allocable to each homestead for
26 the portion of the taxable year for which the taxpayer occupied it as
27 the taxpayer's principal residence.

28 c. If title to a homestead is held by more than one individual as
29 joint tenants or tenants in common, each individual shall be allowed
30 a deduction pursuant to this section only in relation to the
31 individual's proportionate share of the property taxes assessed and
32 levied against the homestead. The proportionate share shall be
33 equal to that of all other individuals who hold the title, but if the
34 conveyance under which the title is held provides for unequal
35 interests therein, a taxpayer's share of the property taxes shall be in
36 proportion to the taxpayer's interest in the title.

37 d. If title to a homestead is held by a husband and wife who
38 own the homestead as tenants by the entirety, or if that husband and
39 wife are both residential shareholders of a cooperative or mutual
40 housing corporation and occupy the same homestead therein, and
41 who elect to file separate income tax returns pursuant to the "New
42 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., that husband
43 and wife shall each be entitled to one-half of the deduction for
44 property taxes for which they may be jointly eligible pursuant to
45 this section.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 e. If the homestead is a dwelling house consisting of more than
2 one unit, that taxpayer shall be allowed a deduction for property
3 taxes only in relation to the proportionate share of the property
4 taxes assessed and levied against the residential unit occupied by
5 the taxpayer, as determined by the local tax assessor.

6 f. Notwithstanding the provisions of subsection a. of this
7 section to the contrary: (1) a resident taxpayer shall be allowed a
8 deduction for a taxpayer's taxable year beginning during 1996 based
9 on 50% of the property taxes not in excess of \$5,000 paid on the
10 taxpayer's homestead; and (2) a resident taxpayer shall be allowed a
11 deduction for a taxpayer's taxable year beginning during 1997 based
12 on 75% of the property taxes not in excess of \$7,500 paid on the
13 taxpayer's homestead.

14 g. Notwithstanding any other provision of this section, the
15 deduction allowed under this section to a resident taxpayer eligible
16 to receive a homestead property tax reimbursement pursuant to
17 P.L.1997, c.348 (C.54:4-8.67 et al.) shall not exceed that resident
18 taxpayer's base year property tax liability as determined pursuant to
19 P.L.1997, c.348 (C.54:4-8.67 et al.).

20 h. Notwithstanding any other provision of this section, for the
21 taxable year beginning January 1, 2009, a taxpayer who has gross
22 income for the taxable year of more than \$250,000 and is not:

23 (1) 65 years of age or older at the close of the taxable year; or
24 (2) allowed to claim a personal deduction as a blind or disabled
25 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1,
26 shall not be allowed a deduction pursuant to this section;

27 provided however, the deduction for a taxpayer who has gross
28 income for the taxable year of more than \$150,000 but not
29 exceeding \$250,000 and is not:

30 (1) 65 years of age or older at the close of the taxable year; or
31 (2) allowed to claim a personal deduction as a blind or disabled
32 taxpayer pursuant to subsection (b) of N.J.S.54A:3-1,
33 shall not exceed \$5,000.

34 (cf: P.L.2009, c.69, s.2)

35
36 2. Section 4 of P.L.1996, c.60 (C.54A:3A-18) is amended to
37 read as follows:

38 4. a. A resident taxpayer whose homestead is a unit of
39 residential rental property shall be allowed a deduction from gross
40 income for that portion of the rent constituting property taxes not in
41 excess of **【\$10,000】** \$25,000, subject to the limitations of
42 subsection d. of this section, due and paid for the calendar year in
43 which the rent constituting taxes is due and payable, for occupancy
44 of that homestead.

45 b. A husband and wife who elect to file separate income tax
46 returns pursuant to the "New Jersey Gross Income Tax Act,"
47 N.J.S.54A:1-1 et seq., shall each be entitled to one-half of the
48 property tax deduction allowed pursuant to this section.

1 c. If more than one taxpayer, other than husband and wife,
2 qualify to deduct rent constituting property taxes by reason of their
3 having occupied the same rented homestead, it shall be presumed
4 that the deduction shall be equally divided. A taxpayer may,
5 however, deduct an amount for rent constituting property taxes in
6 the same proportion that the rent paid by that taxpayer bears to the
7 total rent paid by all tenants of the same unit.

8 d. Notwithstanding the provisions of subsection a. of this section
9 to the contrary: (1) a resident taxpayer whose homestead is a unit of
10 residential rental property shall be allowed a deduction for the
11 taxpayer's taxable year beginning during 1996 based on 50% of the
12 rent constituting property taxes not in excess of \$5,000 paid for the
13 occupancy of that homestead; and (2) a resident taxpayer whose
14 homestead is a unit of residential rental property shall be allowed a
15 deduction for the taxpayer's taxable year beginning during 1997
16 based on 75% of the rent constituting property taxes not in excess
17 of \$7,500 paid for the occupancy of that homestead.

18 (cf: P.L.1996, c.60, s.4)

19
20 3. Section 5 of P.L.1996, c.60 (C.54A:3A-19) is amended to
21 read as follows:

22 5. a. If a taxpayer who is eligible for a deduction for property
23 taxes under section 3 of this act for a part of the taxable year is also
24 eligible for a deduction for rent constituting property taxes under
25 section 4 of this act for a part of the taxable year, the taxpayer shall
26 be allowed a deduction, not in excess of ~~[\$10,000]~~ \$25,000, subject
27 to the limitations of subsection b. of this section, the amount of
28 which shall be equal to the sum of the amount of property taxes due
29 and paid for the calendar year in which the property taxes are due
30 and payable on a homestead that is not a unit of residential rental
31 property and the amount of rent constituting property taxes due and
32 paid for the calendar year in which the rent constituting property
33 taxes is due and payable for the occupancy of a homestead that is a
34 unit of residential rental property, provided however, that the
35 amount of property taxes shall be subject to the limitations set forth
36 in subsections b. through e. of section 3 and the amount of rent
37 constituting property taxes shall be subject to the limitations set
38 forth in subsections b. and c. of section 4 as may be applicable.

39 b. Notwithstanding the provisions of subsection a. of this section
40 to the contrary: (1) a taxpayer who is eligible for a deduction for
41 property taxes under section 3 of this act for a part of the taxable
42 year and is also eligible for a deduction for rent constituting
43 property taxes under section 4 of this act for a part of the taxable
44 year, shall be allowed a deduction for the taxpayer's taxable year
45 beginning during 1996 based on 50% of an amount not in excess of
46 \$5,000, the amount of which shall be equal to the sum of the
47 amount of property taxes paid on a homestead that is not a unit of
48 residential rental property and the amount of rent constituting

1 property taxes paid for the occupancy of a homestead that is a unit
2 of residential rental property; and (2) a taxpayer who is eligible for
3 a deduction for property taxes under section 3 of this act for a part
4 of the taxable year and is also eligible for a deduction for rent
5 constituting property taxes under section 4 of this act for a part of
6 the taxable year, shall be allowed a deduction for the taxpayer's
7 taxable year beginning during 1997 based on 75% of an amount not
8 in excess of \$7,500, the amount of which shall be equal to the sum
9 of the amount of property taxes paid on a homestead that is not a
10 unit of residential rental property and the amount of rent
11 constituting property taxes paid for the occupancy of a homestead
12 that is a unit of residential rental property.
13 (cf: P.L.1996, c.60, s.5)

14

15 4. This act shall take effect immediately.

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STATEMENT

19

20 This bill increases the maximum gross income tax deduction
21 allowed for homestead property taxes paid. Currently, a resident
22 taxpayer is allowed a deduction from gross income for property
23 taxes paid for the calendar year on the taxpayer's principal
24 residence in the State, up to a maximum deduction of \$10,000.
25 Similarly, a resident taxpayer that rents or leases a unit of
26 residential property that is the taxpayer's principal residence is
27 allowed to deduct from gross income 18% of the rent paid for
28 occupancy during the taxable year, up to a maximum deduction of
29 \$10,000 for rent constituting property taxes. Current law also
30 provides that a taxpayer who is eligible for a deduction for property
31 taxes paid for part of the year, and also eligible for a deduction for
32 rent constituting property taxes paid for part of the year is allowed
33 to deduct the sum of the property taxes paid and the rent
34 constituting property taxes paid, subject to certain limitations, up to
35 a maximum deduction of \$10,000. The \$10,000 limit on the
36 deduction for homestead property taxes paid dates to 1996 when the
37 law providing the deduction was enacted.

38 This bill raises the amount of the maximum deduction from gross
39 income allowed for homestead property taxes paid in each of the
40 three provisions to \$25,000 in recognition of the reality that
41 property taxes and rents have become an ever-increasing burden on
42 New Jersey families.